

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
OFFICE OF THE DIRECTOR**

1800 Third Street, Room 450  
Sacramento, CA 95811  
[www.hcd.ca.gov](http://www.hcd.ca.gov)  
(916) 445-4775  
Fax (916) 324-5107

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**Contact:** Colin Parent

Director of External Affairs

(916) 445-4775

[cparent@hcd.ca.gov](mailto:cparent@hcd.ca.gov)

**Paper on State of Housing in California 2011: Supply and Affordability Challenges**

**Sacramento** – Today, the California Department of Housing and Community Development released a paper documenting the effects of the Great Recession on the availability and affordability of housing in our State.

While housing prices have declined, California continues to face an inadequate supply of affordable housing in the right locations for families, the workforce, and special needs populations.

The Great Recession has played a key role in California's declining housing prices, increased foreclosures, construction slowdown, lack of adequate housing supply, and affordability problems. Housing prices have dropped in many areas, but continuing economic uncertainty and high unemployment have negated the potential benefits of price declines in many markets.

Despite current economic conditions, California's future housing demand is expected to remain high. The State is still projected to see a significant increase in population over the next decade, and people are living longer. Specifically:

- In the last decade, residential new construction has averaged less than 150,000 permits per year. This falls below the annual average necessary to meet the State's housing needs. In 2009, residential permits were at their lowest levels in 55 years, with just over 35,000.
- The 2000 Census revealed that California had 1.7 million overcrowded households. Nearly 10 years later, the 2010 Census showed no significant sign of improvement.

- In California, studies show that Hispanic and Asian populations, baby-boomers, and the baby-bust generation will constitute a larger share of the growing population over the next decade;
- Surveys indicate that 77% of the younger generation report wanting to live in urban centers and are willing to live in smaller spaces to accommodate their lifestyles.

Below are four of the largest demographic groups driving the housing markets for the next decade:

- Older baby boomers, who will live longer than previous generations and constitute a senior population unprecedented in size;
- Younger baby boomers, many of whom may be unable to sell their current suburban homes to move to new jobs;
- Generation Y, which will be renting housing far longer than their predecessors in past generations, partly because of high college debt;
- Immigrants and their children, many of whom will want to move to the suburbs but may find housing there too expensive, even after the current drop in prices.

“Despite the dramatic housing market declines, housing affordable to the workforce, families, and the elderly is still in short supply in the locations it is most needed. Effectively addressing housing problems in California is critical to strengthening the state’s economy and the quality of life for its residents,” HCD’s Acting Director Cathy Creswell said. “It is essential we meet this need with a sufficient supply of affordable housing options, in the right locations, to continue California’s historic progress in addressing climate change and environmental protection.”

HCD provides leadership, policies, and programs to preserve and expand safe and affordable housing opportunities and promote strong communities for all Californians. The Department also supports increasing the supply of housing, especially affordable housing, and works to improve the state’s housing conditions and the health and safety of its residents. HCD is California’s lead housing department, and is part of the State Business, Transportation and Housing Agency.

The paper is available for download at:  
[http://www.hcd.ca.gov/hpd/HCD\\_PaperState\\_of\\_Housing\\_in\\_CA2011.pdf](http://www.hcd.ca.gov/hpd/HCD_PaperState_of_Housing_in_CA2011.pdf)

For further information, please contact: [cparent@hcd.ca.gov](mailto:cparent@hcd.ca.gov).

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